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Promotion and Practice of Thrift in Foreign Countries

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EUROPEAN thrift really began with Daniel Defoe. His essays marked the first crystallization of public thrift impulses. His plans for a *Mutual Marine Insurance Society* and his *Essays on Projects* constituted the first definite step toward organized public thrift. The genius of Defoe bestowed its rich gifts upon the world during the latter part of the seventeenth century, but so far ahead of his time was he that it was not until another hundred years that any definite thrift institutions began to take form. With the establishment of Europe's first savings bank in Brunswick, Germany, in 1765, there began a steady application of the principles of thrift, which grew with constant substantiability as the processes of education developed.

The havoc of war has greatly changed conditions among the masses of the people in Europe. There is a temporary absence of the former poise and steadfastness of the people. A wave of discontentment, together with a wave of thriftlessness, is sweeping England and the Continent. One hears stories of the growth of popular discord and of unprecedented wastefulness and debauchery in the capitals. The upheaval of war has left many strange impressions on the hearts of men, and it will only be through the return of the European masses to their former standards of thrift that the great political problems now confronting the nations across the sea will be solved. Belgium, long one of the most thrifty nations in the world, is begin-

ning to settle down to her former basis. Her people have gone back to work. Production is being rapidly increased and the old time thrift is being reinstated.

While one must witness with deep concern the throes of social and economic agony with which Europe now is suffering, it must be borne in mind that common sense, justice and right will prevail in the end, that the process of stabilization will be carried through to successful conclusion and that the thrift of the old days will again become generally practiced.

It was only through thrift that the peoples of many of the countries of Europe were able to live and make progress before the war. With tremendous populations crowded and herded together on small areas of land, life itself would have been impossible had it not been for the frugal cultivation of every square foot of soil and the conservation of every atom of resource.

BEGINNING OF THRIFT IN EUROPE

In tracing the history of thrift in Europe, it has been found that, after the establishment of the first savings bank, a period of thirteen years elapsed before the second one was opened. This was in Hamburg, Germany, in 1778. In Aldenburg, Germany, the third savings bank was opened in 1786.

France manifested her first acceptance of thrift in 1790 when a savings bank was founded at Loire. Two years later the idea reached Switzerland in the establishment of a bank in Basil;

in another two years one was opened in Geneva.

English thrift had its first definite manifestation in 1797 when Jeremy Bentham began the establishment of a system of crude institutions called "Frugality Banks." A Christmas fund was established in the parish of Wendover, Buckinghamshire, through which the working classes were encouraged to save money during the summer to be returned at Christmas time with an additional bounty. What appears to have been the first English Thrift Society was established at Tottenham, Highcross, in 1798 by Miss Priscilla Wakefield, called a "Friendly Society for Women and Children." This was an annuity movement with provision for sick benefits and burial funds. Three years later it was developed into a savings bank which appears to have been the first institution of the kind in Great Britain. The movement spread rapidly and met with special favor in Scotland where in 1810 the Rev. Henry Duncan began a parish bank at Ruthwell in Dumfrieshire, containing many features of the modern savings bank. The institution proved profitable, and in 1814 the Rev. Mr. Duncan's plans were followed in Edinburgh by the organization of the "Society for the Suppression of Mendicity," out of which grew the Edinburgh Savings Bank.

FORMS OF THRIFT

Great Britain

Savings Bank. By 1817 the thrift movement in England had attained such proportions that the British Parliament began the control and regulation of savings banks. With this splendid encouragement banks sprang up in all important centers of population in England, Scotland, Wales and

Ireland, so that by the close of the year 1818 there were in existence more than two hundred savings banks.

As the thrift movement grew in England, certain false conceptions of thrift took root. Many of the so-called thrift societies were out-and-out charity organizations. The people gained confused ideas. Misconceptions were fostered. Thrift work, if not conducted along the lines of actual charity, was, in many instances, encouraged in its most narrow sense. The broad, constructive principles of personal efficiency were ignored and the poor were taught to hoard their small earnings without thought of the underlying principle that thrift means the process of thriving, of upbuilding, of growing.

One must save his money not merely for the sake of saving, like the miser, but for the purpose of utilizing his earnings in ways that do him the most good. He must be thrifty with his time, his energies, and his health as well as with his money. He must study himself as well as the rights and needs of those about him. The thrifty man must be a dynamic force in his community, not a dead weight on society. In much of the thrift work done in England before the war, these basic principles were not understood. The conditions, which were the logical outcome of these errors, were briefly described by Mr. Hartley Withers, editor of the *London Economist*, who said:

When the public was called upon to assist in financing the war by saving, the entire country was honeycombed with delusions concerning money and the spending thereof which made it seem an almost impossible task to persuade it within any reasonable time, that saving money was a patriotic duty in time of war or at any other time. The well-to-do class, the education of which concerning money matters was mostly a minus quantity, were convinced that, since spending money gave employment it was at all times the right

and proper thing to spend money as fast as possible and "help poor people" who wanted work. It had not dawned upon them that there is any difference between spending money on a display of fireworks and on building a factory to give employment to those who built it, and to continue to give employment to all who work in it, and, moreover, to increase the supply of goods that a man wants for his living and comfort. Among the poor classes this belief also flourished in a vague, unconscious way and in their case the prejudice against saving was greatly strengthened by the very narrow margin that the general level of wages gave them for subsistence. Their power to save was so small that those who spent all they got would almost inevitably be obliged at one time or another to live on someone else, and the deeper economic fact which lies behind saving in normal times—that without saving there can be no new capital, and that without new capital there can be no expansion of the equipment of industry—had not even dawned except upon a small minority of thinking Englishmen.

England learned well her lesson of patriotic thrift during the war. Every man, woman and child bought savings securities to the average of nearly £3,000 per capita. More than 40,000 war savings associations flourished and it is estimated that, as a result of these efforts, £1,250,000,000 came from the pockets of the very poor, a considerable percentage of whom had not saved before. This was true because the war furnished an exalted motive and the English people arose to their great opportunity with true sublimity.

A rather definite idea of the general standards of thrift in England prior to the war may be gained from the following official statistics: During the period from 1907 to 1911, of all men who died in Great Britain, over 75 years of age, 79.23 per cent left estates of less than £100, 90.12 per cent left estates under £500 and 93.45 per cent left estates of less than £1,000. During this period the 79.23 per cent of the total number of estates represented

only 4.57 per cent of the value of all estates; the 90.12 per cent comprised but 8.19 per cent of the total value of estates; while the 93.45 per cent of the total number of estates constituted only 11.36 per cent of the total value. It may be said, however, that, regardless of this rather poor showing, almost every English family was protected in either one way or another through membership in a provident, friendly or insurance association.

The English Post Office Savings Bank was the pioneer in this phase of thrift work, and, therefore, the Postal Savings Bank systems in all European countries are patterned after the British plan. The system, since its establishment in 1861, has accomplished much good. It is interesting to note that the original bill "for establishing a fund and assurance office for investing savings of the poor" was introduced in the British Parliament as early as 1807, but only after agitation lasting more than half a century did the government take up this work.

In the United Kingdom there are some 12,000 offices of the Postal Bank, where deposits or withdrawals may be made. A short time before the war one person out of every seven in England had money deposited in the Post Office Savings Bank. Deposits as low as a shilling and as high as £150 are accepted from the depositor annually, and each depositor may have placed to his credit the maximum of £200, including interest. When his account exceeds this amount the balance is invested in government securities, unless the depositor designates some other use for it. The interest paid depositors is $2\frac{1}{2}$ per cent.

For the benefit of small savers, penny stamps are issued, which can be redeemed when a shilling's worth have

been saved. Children over seven years of age may deposit and withdraw in their own names, but when under seven the guardian must transact the business. Accounts may be opened both by individuals and by societies. Withdrawals may be made by the depositor in person or upon due order. In cases of emergency the depositor may withdraw funds by telegram.

The English Postal Savings Bank system attends to the collection of dividends for its depositors whose accumulations have been invested in government stock, and it also makes sales of these securities, for which service a small commission is charged. Notwithstanding the popularity of the British Post Office Banks, and the vast amount of money deposited, and the low interest rate paid depositors, the system has not been self-sustaining. Italy, on the contrary, makes a profit from her Post Office Savings Bank system, after paying 5 per cent interest on her consols.

Belgium

Generally speaking, Belgium, in her pre-war days, was a nation in which pauperism was unknown. Everybody practiced thrift. The government had popular devices not unlike our war savings stamps, and, in fact, there was provision even for saving the pennies and investing them with the government. The Post Offices, the Government Savings Bank, and the branches of the Government National Bank all received deposits as low as one franc. When deposits were made in small amounts the depositor received an adhesive stamp similar to an American war savings stamp. These were pasted in a book, which was given an official number and delivered without expense to the owner. This book contained the

record of all transactions with the depositor, including the addition of the interest, which was computed annually. In order to encourage school children and the very poor, postage stamps could be purchased and used as savings stamps. All letter carriers were provided with an equipment of stationery and stamps to supply those who wished to make these little investments.

Another form of practical thrift fostered by the Belgium government was the life annuity, which could be contracted for any place where government savings were accepted, and at the offices of the tax collectors as well. By this system payments, varying from one to 1,200 francs, could be made. Special attention was given to teaching thrift to the children of Belgium, for it was recognized that only in this way would the nation remain thrifty.

France

The School Savings Bank, which originated in France, has developed more successfully there than in any other country in the world, and no doubt the success of the system has been one of the underlying causes of the splendid thrift of the French people. It has been said that "France was saved by thrift." After disastrous defeat at the hands of Germany in 1870 she lost Alsace and Lorraine, and was compelled to pay an indemnity of one billion dollars. The value of thrift then was splendidly demonstrated. The people came to the assistance of the government with their savings in those dark days, and made it possible for the heavy indemnity to be liquidated in a very short time. The French have been known as a nation of bond buyers, and the issues of government bonds of very small denominations

have afforded a medium of investment which has appealed alike to the Frenchman's frugality and patriotism.

Savings Banks. Although France had an exceedingly low wage scale prior to the war, there were 362 savings bank depositors out of every 1,000 population. A very good idea of economic conditions among the people of France before the war may be gained from the following statistics: "The *Annuaire Statistique*" for 1910, which comprises the government reports of all the estates probated in France during the year 1909, shows that of all persons who died that year, both men and women, 29.83 per cent left estates of less than 500 francs; 25.72 per cent of the total number left estates between 500 and 2,000 francs; 28.07 per cent left estates between 2,000 and 10,000 francs; 12.39 per cent left estates between 10,000 and 50,000 francs; and 2 per cent left estates between 50,000 and 100,000 francs.

Government Bonds. The thrift activities of the French were exerted largely through the medium of the small government bonds, issued in denominations as low as two and three francs. Nine-tenths of France's 10,000,000 electors were investors either in government debt certificates or some form of security, and there were 12,500,000 savings bank depositors in the Republic, over 50 per cent of whom had each less than \$4 to his credit.

An instance of French thrift is shown in the way the French secure kindling wood. They gather up the smallest twigs, load them in their little carts and carry them into Paris where they are sold. French housewives probably excel the women of all other nations in their skill in utilizing the full amount of food from their pur-

chases. Absolutely nothing is wasted in the French kitchen. There is a recipe for every possible left-over article.

Italy

The Peoples' Banks of Italy have for many years done much to develop habits of saving among Italians. Signor Luigi Luzzatti was responsible for the Peoples' Bank movement, which originated in Milan in 1866. The small bank was organized with a capital of only \$140, the primary purpose of the institution being to combat the injustice of usurers. Shares in the bank were issued and sold in denominations of \$5 to \$10 each, with a small entrance fee. From this small beginning the system grew until it now is a great factor in the life of the Italian people. Loans are made only on short-time maturities, usually for a period of three months, although a rather liberal policy of renewals is maintained.

"*Loans of Honor*" are made by some of the banks to persons who are able to furnish no security, and it is a matter of gratification to know that these loans have been made with good judgment, and that the borrowers have been actuated by motives of very high integrity.

Signor Leone Wollenborg was the founder of a similar movement among the country people of Italy. He seems to have had an understanding of the educational value of thrift, which has resulted in considerable moral as well as financial benefits. No one could become a member of Doctor Wollenborg's banks unless he were able to read and write, and as a result, great good has been done in eliminating illiteracy.

Membership in these banks is also denied to drunkards or persons guilty of any form of dissipation. The result

has been that they have exerted an uplifting influence in the rural communities where they have been established. There were, according to the best available pre-war statistics, more than 400 rural banks of independent formation in Italy, in addition to approximately 100 of the Wollenborg type.

The Peoples' Banks of Italy have detracted somewhat from the number of depositors in the Post Office Savings Banks, as the people naturally preferred to use institutions in which they were shareholders. These Peoples' Banks, in addition to encouraging frugality among the masses of the people in Italy, have enabled the farmers to develop their land to the highest state of productivity, furnishing the ready money with which to purchase stock, fertilizer, and machinery, erect buildings, construct fences, and make such other improvements as are needed.

THE COÖPERATIVE PLAN

In many parts of Europe one encounters some form of the coöperative movement. The economic value of coöperative marketing methods is the elimination of the so-called middle men. The products go directly from producer to consumer, and all unnecessary labor cost is eliminated. The producer gets the maximum price for his products, and the consumer gets his food commodities at the minimum price.

In Belgium, Switzerland, Holland and Denmark, one found before the war much development of the coöperative plan, particularly in the marketing of Holland's dairy products in London. Farmers of Holland offer splendid examples of thrift, not alone in the utilization of every square inch of available land, but also in the care

and attention given to live stock. In the summer time the finer cows are blanketed to keep off the flies, and in the spring time the cattle are covered to protect them from cold rains. In the Netherlands, the grim fight to preserve their land from the constantly threatening encroachment of the sea has bestowed on the Hollanders a sturdiness of character and has made them a most admirable people. Everywhere in that wonderful country of flowers, canals and windmills, one finds manifestations of intelligent, constructive thrift. Thrift has, indeed, made Holland, as it has made Switzerland, Denmark, Belgium and France.

SAVINGS IN THE UNITED STATES AND EUROPE

By way of comparing general conditions in Europe prior to the war with those in the United States, as based on the number of savings bank depositors per 1,000 population, the United States ranked thirteenth among the great nations of the world. The relative standing of these countries in this respect was as follows: Switzerland, Denmark, Norway, Sweden, Belgium, France, Holland, Germany, England, Australia, Japan, Italy, United States. In Switzerland nearly six out of every ten persons were savings bank depositors, but in the United States the ratio was just a little better than one to ten. Statistics in Switzerland show that there was an average of five savings depositors for every two families, and in all of the European countries there was one savings depositor to each family.

The showing of various European countries in the matter of fire prevention also is of much interest. The figures for 1913, the last pre-war year, show the per capita losses from fires in

the United States as compared with the losses in Europe as follows:

United States	\$2.10
England53
France49
Germany28
Austria25
Italy25
Switzerland25
Holland11

The practice of thrift in foreign countries can be made to serve a most worthy purpose for America. First of all, we can learn the lesson of the value of little things. Thrift as exemplified in Europe, consisted primarily in the elimination of waste. The smallest amount of money was not too insignificant to be saved nor was the most obscure bit of land unworthy of cultivation. Could America develop her natural resources as thoroughly and exhaustively as was the case with most of the countries of Europe before the war, our national wealth would be far beyond what it is today. This is one of the big lessons that America must learn. We must understand that the pennies are to be saved as well as the dollars, that the little scraps of food, little bits of land and the smallest amounts of our various resources and commodities must be guarded just as assiduously as our mightiest storehouses of wealth.

Europe also can teach us that there

is a close inter-relationship between education and thrift. A general survey of pre-war thrift conditions on the Continent gave impressive demonstrations of this fact. In Russia and the Balkans one found illiteracy. In England, Scandinavia, France, Belgium and Switzerland, one found a satisfactory average of literacy with a corresponding prevalence of thrift. America must learn eventually that the development of thrift will not only be the means of solving economic and social problems, but that it also constitutes a subject of technical pedagogic interest.

If we are to develop thrift in America along lasting lines, we must begin at the foundation. We must make use of that most important laboratory, the schoolroom. We must learn to teach thrift in the classroom, not as a separate subject, but in its relationship to such branches as arithmetic, history, chemistry, biology, geography, grammar, household economics and business practice. An analysis of European thrift will reveal that among nations where the most effort was concentrated in teaching thrift to the children, the more sturdy and steadfast were the people of that nation in their thrift practices.

America must learn these great fundamental truths from the peoples across the sea.